

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other				Local Government Name		County	
Audit Date		Opinion Date			Date Accountant Report Submitted to State:		

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☐ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☐ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☐ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☐ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☐ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☐ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			
Reports on individual federal financial assistance programs (program audits).			
Single Audit Reports (ASLGU).			

Certified Public Accountant (Firm Name)				
Street Address		City	State	ZIP Code
Accountant Signature <i>Siegfried Crandall P.C.</i>			Date	

Delton District Library
Barry County, Michigan
**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**
Year ended March 31, 2005

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INDEPENDENT AUDITORS' REPORT

**Board of Trustees
Delton District Library**

We have audited the accompanying financial statements of the Delton District Library, a component unit of the Township of Barry, Michigan, as of March 31, 2005, and for the year then ended. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Delton District Library as of March 31, 2005, and the results of its operations for the year then ended, in conformity with U.S. generally accepted accounting principles.

As described in Note 6, the Delton District Library has implemented a new financial reporting model, as required by the provisions of Government Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of April 1, 2004.

The budgetary comparison information, on page 11, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Board of Trustees
Delton District Library
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The Delton District Library has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the financial statements.

Siegfried Crandall P.C.

July 22, 2005

BASIC FINANCIAL STATEMENTS

Delton District Library
BALANCE SHEET/STATEMENT OF NET ASSETS
 March 31, 2005

	General Fund Modified accrual Basis	Adjustments	Statement of Net assets
ASSETS			
Cash	\$ 190,247	\$ -	\$ 190,247
Receivables	15,010	-	15,010
Capital assets (net)	-	701,398	701,398
		-	
Total assets	<u>\$ 205,257</u>	<u>\$ 701,398</u>	<u>\$ 906,655</u>
LIABILITIES			
Liabilities:			
Payables	\$ 3,004	\$ -	\$ 3,004
Deferred revenue	15,010	(15,010)	-
Total liabilities	<u>18,014</u>	<u>(15,010)</u>	<u>3,004</u>
FUND EQUITY			
Fund balance - unreserved:			
Designated for capital improvements	125,150	(125,150)	-
Undesignated	62,093	(62,093)	-
Total fund equity	<u>187,243</u>	<u>(187,243)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 205,257</u>		
NET ASSETS			
Invested in capital assets		701,398	701,398
Unrestricted		202,253	202,253
Total net assets		<u>\$ 903,651</u>	<u>\$ 903,651</u>

Amounts reported in the statement of net assets are different because:

General Fund fund balance	187,243
Capital assets used in <i>governmental activities</i> are not financial resources and, therefore, are not reported in the fund.	701,398
Receivables are not available to pay for current period expenditures and, therefore, are deferred in the fund.	15,010
Governmental fund net assets	<u>\$ 903,651</u>

See notes to the financial statements

Delton District Library**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE/STATEMENT OF ACTIVITIES***Year ended March 31, 2005*

	General Fund Modified Accrual Basis	Adjustments	Statement of Net Assets
EXPENDITURES/EXPENSES			
Culture and recreation	\$ 164,375	\$ 3,903	\$ 168,278
Capital outlay	25,354	(25,354)	-
Depreciation	-	39,879	39,879
Total expenditures/expenses	<u>189,729</u>	<u>18,428</u>	<u>208,157</u>
PROGRAM REVENUES			
State grant	17,104	-	17,104
Intergovernmental	58,110	-	58,110
Charges for services	3,857	-	3,857
Fines and forfeitures	<u>22,129</u>	<u>(4,990)</u>	<u>17,139</u>
Total program revenues	<u>101,200</u>	<u>(4,990)</u>	<u>96,210</u>
NET EXPENSE	<u>(88,529)</u>	<u>(23,418)</u>	<u>(111,947)</u>
GENERAL REVENUES			
Interest and rentals	2,858	-	2,858
Other	<u>11,644</u>	<u>-</u>	<u>11,644</u>
Total general revenues	<u>14,502</u>	<u>-</u>	<u>14,502</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(74,027)	(23,418)	(97,445)
OTHER FINANCING SOURCE			
Transfer in - Primary government	<u>26,350</u>	<u>-</u>	<u>26,350</u>
CHANGE IN NET ASSETS	(47,677)	(23,418)	(71,095)
FUND BALANCES/NET ASSETS - BEGINNING	<u>234,920</u>	<u>739,826</u>	<u>974,746</u>
FUND BALANCES/NET ASSETS - ENDING	<u>\$ 187,243</u>	<u>\$ 716,408</u>	<u>\$ 903,651</u>

See notes to the financial statements

Delton District Library

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE/STATEMENT OF ACTIVITIES (Continued)**

Year ended March 31, 2005

Reconciliation of the statement of revenues, expenditures, and changes in
fund balances to the statement of activities:

Net change in fund balance	\$ (47,677)
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Amounts reported in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the
statement of activities the costs of those assets are allocated over their
estimated useful lives as depreciation expense.

Add - capital outlay	25,354
Reclassify - maintenance expenses	(3,903)
Deduct - depreciation expense	(39,879)

Net decrease in deferred revenue	<u>(4,990)</u>
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Change in net assets	<u>\$ (71,095)</u>
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See notes to the financial statements

Delton District Library
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the Delton District Library (the Library) conform to generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governmental units. The following is a summary of the more significant accounting policies:

a) Reporting entity:

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, these financial statements present the Library. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included. Based upon the application of these criteria, there are no other entities for which the Library exercises oversight responsibility.

Costs of operations and capital expenditures are supported by private contributions and contributions from the Townships of Barry, Prairieville, and Hope. The Library is considered to be a component unit of the Township of Barry, Michigan.

b) Measurement focus, basis of accounting, and financial statement presentation:

The statement of net assets and the statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all the eligibility requirements imposed by provider have been met.

The modified accrual financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become measurable and available if collected in the current period or within 60 days of the end of the current fiscal year end. Expenditures are generally recognized when the related liability is incurred.

c) Assets and liabilities:

i) Cash - Cash is considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

ii) Receivables - All receivables are considered to be fully collectible as presented.

iii) Capital assets - Capital assets, which include property, equipment, and vehicles, are defined by the Department as assets with an initial cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Delton District Library
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

c) *Assets and liabilities* (continued):

iii) *Capital assets* (continued) -

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings	50 years
Land improvements	20 years
Books and videos	10 years
Equipment	5 - 20 years

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

Budgetary information - The Library adopts an annual budget on a basis consistent with generally accepted accounting principles. The budget document presents information by function and line-item. The legal level of budgetary control, adopted by the governing body, is the functional level. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

NOTE 3 - CASH:

Deposits are carried at cost. Michigan Compiled Laws, Section 129.91, authorizes the Library to deposit and invest in the accounts of federally-insured banks, credit unions, and savings and loan associations. The Library's deposits are in accordance with statutory authority.

At March 31, 2005, the Library had deposits with a carrying amount of \$190,247 and a bank balance of \$190,391. Of the bank balance, \$102,091 is covered by federal depository insurance and \$88,300 is uninsured.

Delton District Library
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 - CAPITAL ASSETS:

A summary of changes in capital assets follows:

	<i>Beginning balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending balance</i>
Capital assets being depreciated:				
Building	\$ 646,500	\$ -	\$ -	\$ 646,500
Land improvements	25,000	11,400	-	36,400
Books and videos	177,000	-	-	177,000
Equipment	91,985	10,051	-	102,036
Subtotal	<u>940,485</u>	<u>21,451</u>	<u>-</u>	<u>961,936</u>
Less accumulated depreciation for:				
Building	103,440	12,930	-	116,370
Land improvements	1,250	1,820	-	3,070
Books and videos	75,225	17,700	-	92,925
Equipment	40,744	7,429	-	48,173
Subtotal	<u>220,659</u>	<u>39,879</u>	<u>-</u>	<u>260,538</u>
Capital assets (net)	<u>\$ 719,826</u>	<u>\$ (18,428)</u>	<u>\$ -</u>	<u>\$ 701,398</u>

NOTE 5 - RISK MANAGEMENT:

The Library is exposed to various risks of loss to general liability, property and casualty, and workers' compensation.

The risks of loss arising from general liability, building contents, workers' compensation, and casualty are covered by the Township of Barry's general liability insurance.

NOTE 6 - CHANGE IN ACCOUNTING PRINCIPLES:

Effective April 1, 2004, the Library implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, along with all related statements and interpretations. In connection with the implementation of this statement, the following adjustments to beginning net assets have been made to reflect the cumulative effect of this accounting change:

Delton District Library
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 - CHANGE IN ACCOUNTING PRINCIPLES (Continued):

Net assets, as previously reported	\$ 234,920
Certain receivables are not available to pay for current period expenditures and, therefore, are deferred in the fund.	20,000
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund.	<u>719,826</u>
Net assets, as restated	<u>\$ 974,746</u>

REQUIRED SUPPLEMENTARY INFORMATION

Delton District Library**BUDGETARY COMPARISON SCHEDULE**

Year ended March 31, 2005

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
State grant	\$ 10,000	\$ 10,000	\$ 17,104	\$ 7,104
Intergovernmental	55,160	55,160	58,110	2,950
Charges for services	1,700	1,700	3,857	2,157
Fines and forfeitures	24,400	24,400	22,129	(2,271)
Interest	300	300	2,858	2,558
Other	<u>9,850</u>	<u>9,850</u>	<u>11,644</u>	<u>1,794</u>
Total revenues	<u>101,410</u>	<u>101,410</u>	<u>115,702</u>	<u>14,292</u>
EXPENDITURES				
Culture and recreation	186,650	186,650	164,375	22,275
Capital outlay	<u>36,500</u>	<u>36,500</u>	<u>25,354</u>	<u>11,146</u>
Total expenditures	<u>223,150</u>	<u>223,150</u>	<u>189,729</u>	<u>33,421</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(121,740)	(121,740)	(74,027)	47,713
OTHER FINANCING SOURCE				
Transfer in - Primary government	<u>26,000</u>	<u>26,000</u>	<u>26,350</u>	<u>(350)</u>
NET CHANGE IN FUND BALANCES	(95,740)	(95,740)	(47,677)	(48,063)
FUND BALANCES - BEGINNING	<u>234,920</u>	<u>234,920</u>	<u>234,920</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 139,180</u>	<u>\$ 139,180</u>	<u>\$ 187,243</u>	<u>\$ (48,063)</u>

See notes to the financial statements